



INSURANCE & REINSURANCE | NOVEMBER 2023

THE NEW UAE INSURANCE LAW - SUMMARY OF NOTABLE CHANGES

The United Arab Emirates (UAE), has issued a new insurance law, Federal Law No. 48 of 2023 (the New Insurance Law), expressly repealing Federal Law No. 6 of 2007 (as amended) (the 2007 Insurance Law).

The New Insurance Law was published in the official Gazette on 31 October 2023 and comes into force on 30 November 2023.

The primary purpose of the New Insurance Law would appear to be the codification of the transfer of insurance regulation from the Insurance Authority to the UAE Central Bank. Indeed, many provisions of the 2007 Insurance Law remain, and the New Insurance Law expressly provides that the regulations and circulars issued pursuant to the 2007 Insurance Law remain in force to the extent that they do not contradict the provisions of the New Insurance Law (Article 114(2)).

As with the 2007 Insurance Law, the Central Bank has broad powers under the New Insurance Law to issue regulations and circulars regarding the UAE insurance industry including corporate governance of insurance and reinsurance companies. It also has broad powers to ensure compliance with the New Insurance Law including powers in respect of inspections/audits, fines, suspension of licences, restructuring, liquidation, merger and other control measures.

There are however some notable changes:

Notable Changes

Article 2(b)

Article 2 of the New Insurance Law sets out the scope and application of the law. Article 2(b) provides that holding companies which acquire 15% of the insurance activity in the UAE, or in which the insurance activity and related services exceeds 50% of their revenues, fall within the application of the New Insurance Law, with regulations concerning such entities to be issued in due course.

Article 2(2)

Article 2(2) states that the New Insurance Law shall not apply to companies operating in Financial Free Zones and is therefore only applicable to companies operating in non-Financial Free Zones and onshore UAE. The 2007 Insurance Law stated that it did not apply to Free Zones (but did not distinguish between Free Zones and Financial Free Zones). Article 64 of the New Insurance Law states that companies licenced in Financial Free Zones may not conduct business in the UAE other than in the Financial Free Zones and other than in respect of reinsurance business.

Article 100

Under Article 100 of the New Insurance Law, the Emirates Insurance Association has been replaced by the Emirates Insurance Federation. The Central Bank will supervise the work of the Emirates Insurance Federation and approve its articles of association.

Article 101

The 2007 Insurance Law provided a mandatory procedure for insurance claims brought by an insured or beneficiary against an insurance company under Article 110 with the establishment of an Insurance Settlement Dispute Committee (IDC). The provisions of Article 110 of the 2007 Insurance Law have been replaced by Article 101 of the New Insurance Law which provides that:

- The IDC has been replaced with the Banking and Insurance Dispute Resolution Unit (BIDRU), which is established under Article 121 of Federal Law No. 14 of 2018 (as amended) (the Central Bank Law).
- The BIDRU is an independent juristic personality, established for the purpose of receiving and resolving complaints against insurance companies. Regulations will be issued providing greater detail regarding the scope of the unit.
- The BIDRU is the competent authority to settle disputes arising from insurance contracts, works and services. Any complaint is to be submitted in accordance with the mechanisms and procedures approved by the BIDRU.
- The new claims procedure is as follows:
 - If the claim value does not exceed AED 50,000, the Insurer cannot appeal the BIDRU decision.
 - If the claim value exceeds AED 50,000, the Insurer can appeal the BIDRU decision within 30 days from the issuance date or notification of the decision **before the Court of Appeal**.
 - However, the concerned party (the concerned party is not defined but would appear to be the Insured/beneficiary) can appeal the BIDRU decision before the Court of Appeal within 30 days from the issuance date or notification date.
- Based on the above procedure, the right to appeal is afforded to the Insured and is not limited by the claim value as it is the case for the Insurer.
- The fact that decisions are referred to the Court of Appeal illustrates that the BIDRU will act as an equivalent to the UAE Court of First Instance and is a welcome step in reducing the stages required to reach a final binding judgment in respect of insurance claims.
- What is less clear is whether recent decisions of the DIFC Court will be affected by the change in law, and whether the DIFC Court will still consider that it has jurisdiction to hear cases brought by Insurers or indeed appeals from the newly formed BIDRU (see our article [here](#)).

Article 104

Article 104 of the New Insurance Law establishes the Central Bank's capacity to intervene in any lawsuit filed before judicial authorities to which one of the parties is an insurance company, reinsurance company or any insurance-related professional.

Upon notification of the lawsuit, the Central Bank may, following investigation into the matter, submit any clarifications, data or information, to the competent authority, that it may deem appropriate.

The aforementioned notable changes of the New Insurance Law are indicative and not exhaustive. More highlights will follow in the next article.

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